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**Mr Andrew Reeves**  
**Commissioner**  
**Government Prices Oversight Commission**  
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Dear Commissioner

### **METRO FARES INVESTIGATION 2003**

Thank you for the opportunity to comment upon the pricing policies of Metro Tasmania Pty Ltd (Metro).

Many of the issues have been very adequately covered in the Submission to the Commission from Metro Tasmania and I do not intend to repeat those comments.

Accordingly, I will confine my remarks to opportunities available to the Government Prices Oversight Commission and the Tasmanian Government that could provide the prospect for growing the market for urban public transport in Tasmania.

Public transport is the most efficient way of ensuring the mobility of people in densely populated areas and of giving them access to jobs, education and leisure activities.

Providing regular, reliable and affordable public transport is only a first step.

A change in the mobility behavior of urban citizens is required and this cannot be successful without strong and long-term political commitment and support to measures influencing mobility choice, such as effective land-use planning, car restraint, public transport priority and an integrated transport network with good interchanges between modes.

The Tasmanian Government through the Government Prices Oversight Commission has a role in creating the situation where alternative forms of transport can prosper and grow.

**UITP, founded in 1885, based in Brussels, has some 2200 Members in 85 countries.**  
**The Association is one of the leading advocates for change in urban transport in the world with links to the**  
**European Commission, United Nations and the World Bank.**  
**Web Site: [www.uitp.com](http://www.uitp.com)**

The UITP is somewhat surprised that the Shareholder Expectations Statement does not have a focus to “expand patronage” and appears to highlight the disadvantaged amongst the travelling public in Tasmania.

While recognising the critical role played by public transport in providing access for the socially underprivileged, it would appear to offer fewer incentives to persuade people to utilise public transport for at least some of their journeys.

Within this environment, Metro Tasmania is regarded around Australia as one of the most efficient providers of urban public transport operating in a very difficult environment where the private motor car is becoming increasingly affordable to the majority of the travelling public. The work undertaken by Booz Allen and Hamilton clearly demonstrates the efficiency of Metro Tasmania.

The introduction of the Goods and Services Tax and the continuing inequities associated within the current Fringe Benefits Tax regime are not conducive to creating an environment where public transport operates on an equal-playing field with the private motor car.

### **Integration of Public Transport Systems**

A major factor to achieving a reversal of the continuing trend in patronage decline in Tasmania is related to the integration of all forms of transport, including the private motor car.

A foremost feature to achieving this aim is to create an environment where public transport is not perceived by the community as a “second-class” form of transport.

There are a number of opportunities available to achieving this:

Create direct financial incentives to travel by public transport and disincentives to use the private motor car. This could include the introduction of changes in the exemption of employer-provided public transport from Fringe Benefits Tax (FBT) and the elimination of Goods and Services Tax (GST) from fares. There is a very real opportunity for the Tasmanian Government to advocate change to their Federal counterparts, highlighting the inequities of FBT and the introduction of the following initiatives:

- Incentives to encourage a change of travel choice to public transport options including;
  - an employer based incentive scheme to encourage employees to utilise public transport
  - increase FBT liability on company cars with increased kilometres travelled rather than the current system where tax liability decreases as the kilometres increase.

- designate a road user charge from existing fuel excise to be hypothecated to transport funding

This could include the release of the “Cost Benefit Analysis Study for Exempting Employer-Provided Public Transport” from Fringe Benefit Taxation. This Study was undertaken by the Australian Greenhouse Office in 2002.

The results have never been released for public debate. If the results of the Study mirror a similar exercise undertaken in Canada, there could be “net benefit” to the Australian community from introducing this new policy initiative.

- A pro-active advertising and marketing campaign in association with promoting the benefits of public transport and the problems our cities will face in the future if travel choice does not change

Broadening perceived transport options, and identifying potential lifestyle and financial benefits offered by alternatives, can influence people’s transport decisions – but the community needs to be better informed about the available transport choices and most importantly the transport providers need to market that information through:

- Delivering what people want – transport choice
- Providing access to and marketing information – through new processes and technologies
- Focus on the customer - asking the customer “again and again”
- Integrating communication, information, marketing, ticketing as “one process”
- “Branding” public transport – linking information to delivery – seamless mobility
- Influencing travel behavior
- Marketing positive environmental and health outcomes to raise the community’s understanding of the opportunity for change.

Marketing change initiatives is now being used widely overseas to moderate growth in travel demand, reduce the number of single-occupant car trips and increase the number of trips taken by public transport, walking and cycling. This can occur in many simple ways by:

- Switching modes – from car to walking, cycling or public transport
- Trip chaining – doing several things in one trip rather than separate trips
- Blending activities – doing several things in one location rather than different locations
- Blending modes – park’n’ride and bike’n’ride at public transport interchanges
- Achieving outcome without travel – buying over the internet or paying by phone.

The UITP recognizes that changing travel behaviour in Tasmania is a very challenging prospect. Directly allocating funds from higher parking charges to the operations of Metro Tasmania could provide that opportunity.

Experience from Europe and the United States strongly suggests that the community is ready to accept higher charges for car parking, registration and similar charges IF those additional charges are hypothecated directly to improving public transport systems. More voters want public transport, if not for themselves, then to at least to get the “other guy” off the road.

I thank you for the opportunity to make these brief comments.

Yours sincerely

Peter Moore  
Executive Director